

Calendar No. 100

93D CONGRESS }
1st Session }

SENATE

REPORT
No. 93-105

AMENDING THE CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT OF 1964 FOR CERTAIN EMPLOYEES, AS AMENDED

APRIL 5 (legislative day, APRIL 4), 1973.—Ordered to be printed

Mr. CANNON, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 1494]

The Committee on Armed Services, having had under consideration the question of retirement of certain employees of the Central Intelligence Agency, reports the following bill (S. 1494) to amend section 236 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees to limit the number of employees that may be retired under such act during specified periods and recommends that the bill do pass.

PURPOSE OF THIS BILL

The purpose of this bill is to (1) increase the quota on retirements established in section 236 of the act from 800 to 2,100, for the period July 1, 1969, to June 30, 1974; (2) establish a quota of 1,500 for retirements between July 1, 1974 and June 30, 1979.

EXPLANATION

This bill would increase from 800 to 2,100 the number of retirements authorized under section 236 of the Central Intelligence Agency Retirement Act over the period July 1, 1969 through June 30, 1974, and would establish a ceiling of 1,500 for the number of retirements authorized over the period July 1, 1974 through June 30, 1979.

A retirement quota for the first 10 years of the CIA Retirement Act, which was enacted in 1964, was chosen by Congress as a mechanism to assure the careful administration of the CIA retirement system during its formative years, since the system was not to apply to all CIA employees and security considerations prevented the use of detailed

statutory language to assure its limited application. In the 9 years since the enactment of the act, the Agency has had valuable experience in administering the system in line with the intent of the Congress.

As a result of early retirement incentives which have Government-wide applicability and the reduction of the Agency's work force, the 800 retirements authorized by section 236 of the CIA Retirement Act over the period July 1, 1969 through June 30, 1974 is now exhausted, some 15 months before it expires of its own accord, and orderly personnel managements requires legislative relief.

In addition, the committee believes that the continuation of a ceiling on retirements for the 5 fiscal years following fiscal year 1974 is a useful method of providing legislative oversight for the operation of the CIA retirement system, and accordingly recommends a quota of 1,500 retirements for that period. The CIA retirement system is the only retirement system so limited by the Congress.

As was indicated in testimony to the committee, the retirements which are subjected to ceilings under section 236 pertain only to CIA employees who, in addition to meeting other requirements, have 5 years of qualifying service, primarily service abroad hazardous to life or health. Thus the retirement system which is the subject of this bill applies primarily to those who have worked abroad on intelligence missions, and the bill has very little effect on the retirement system of those CIA employees whose duties pertain to analysis of intelligence data here in the United States.

While permitting some flexibility for mandatory retirements under section 235 of the act, the requirement for the legislation is fundamentally the result of the CIA's underestimating, as did much of the rest of the Government, the effect of new incentives for early retirement. As a result, a substantially larger number of employees have chosen early retirement than had been expected to do so, and the quota for the period July 1, 1969 to June 30, 1974, has already been exhausted. Thus, without legislative relief, a number of employees who wish to retire would be required to continue on active service between now and June 30, 1974, to the detriment of efficiency and good management.

FISCAL DATA

The bill would not require any new budgetary authority as all payments would be made out of the CIA Retirement Fund. With respect to those employees whose retirements will be otherwise delayed until July 1, 1974, without the increase in quota, the impact on the CIA Retirement Fund would be minor. In these cases, any increase in annuity payments and loss of contributions will be substantially offset by the otherwise larger annuity payments which would result in subsequent years if retirements were delayed until July 1, 1974.

DEPARTMENTAL DATA

The following letter from the Director of Central Intelligence to the President of the Senate is hereby made part of the report.

CENTRAL INTELLIGENCE AGENCY,
Washington, D.C., March 29, 1973.

HON. SPIRO AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: This letter transmits for the consideration of the Congress a draft bill to amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended.

The draft bill increases from 800 to 2,100 the limitations on the number of retirements during the period July 1, 1969 through June 30, 1974, when the limitation expires. The current quota of 800 is exhausted and an increase is urgently required to permit employees who have been planning on retirement to do so. This includes employees who we expect will want to retire as a result of the anticipated July 1, 1973 cost-of-living adjustments of annuities. Relief from the current quota would facilitate the accomplishment of greater economy and efficiency in the operation of this Agency and the accompanying personnel reductions would be in line with those programed for the intelligence community.

Enactment of the draft bill is required in the interest of orderly and equitable personnel management. Moreover, it will reduce payroll costs. With respect to those employees whose retirements would be otherwise delayed until July 1, 1974 because of lack of quota, the impact on the CIA Retirement Fund will be minor. In these cases, any increase in annuity payments and loss of contributions will be substantially offset by the otherwise larger annuity payments which would result in subsequent years if retirements were delayed until July 1, 1974.

We would appreciate early and favorable consideration of the proposed legislation. The Office of Management and Budget has advised that there is no objection to presenting the proposed legislation to the Congress from the standpoint of the administration's program.

Sincerely,

JAMES R. SCHLESINGER, *Director.*

Enclosures.

The request for legislation dealt only with the increase of the ceiling for the period July 1, 1969, to June 30, 1974.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate there is printed herewith in roman type existing

law in which no change is proposed; existing law proposed to be omitted is enclosed in black brackets, and new matter is printed in italic:

**CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT
OF 1964 FOR CERTAIN EMPLOYEES, AS AMENDED**

(78 Stat. 1043, 50 U.S.C.A. 403 Note)

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**TITLE II—THE CENTRAL INTELLIGENCE AGENCY
RETIREMENT AND DISABILITY SYSTEM**

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PART D—BENEFITS ACCRUING TO CERTAIN PARTICIPANTS

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LIMITATION ON NUMBER OF RETIREMENTS

SEC. 236. The number of participants retiring on an annuity pursuant to sections 233, 234, and 235 of this Act shall not exceed a total of four hundred during the period ending on June 30, 1969, nor a total of **[eight hundred]** *twenty-one hundred* during the period beginning on July 1, 1969, and ending on June 30, 1974**[.]**, *nor a total of fifteen hundred during the period beginning on July 1, 1974, and ending on June 30, 1979.*

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93D CONGRESS
1ST SESSION

S. 1494

[Report No. 93-105]

IN THE SENATE OF THE UNITED STATES

APRIL 5 (legislative day, APRIL 4), 1973

MR. CANNON, from the Committee on Armed Services, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To amend section 236 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees to limit the number of employees that may be retired under such Act during specified periods.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 236 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended (78 Stat. 1043; 50 U.S.C. 403 note), is amended by (1) striking
4 out "eight hundred" and inserting in lieu thereof "twenty-one
5 hundred", and (2) striking out the period at the end of such
6 section and inserting in lieu thereof a comma and the following:
7 "nor a total of fifteen hundred during the period beginning on July 1, 1974, and ending on June 30, 1979."

II

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S. 1494

[Report No. 93-105]

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By Mr. CANNON

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